

CHAPTER I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

As businesses evolve, to keep ahead of competition, so do their expectations for their employee's performance. An employee is a key element of an organisation and the success or failure of the organisation depends on individual employee performance which affects positively or negatively the organisation performance at large. Every business has their own specific way of doing things, has developed norms and procedures over time and has different atmosphere and feeling and this is what we call the organisation culture.

Among the many factors that affect an organization's ability to innovate, compete, and engage employees and customers is organizational culture. Organizational culture is the amalgamation of values, vision, mission, and the day-to-day aspects of communication, interaction, and operational goals that create the organizational atmosphere that pervades the way people work. It's hard to define and even harder to get right. No amount of modern furnishings, stocked kitchens, happy hours, or young, hip workers can create a corporate culture.

Hide is a Family Business Online Shop established in Medan, North Sumatera, Indonesia and located at Jl. Asia No 130, Medan. Today, Hide has been operating for nearly 3 years since August 2015. The company is owned fully by three siblings with the main director Jason (50% of ownership), Clara (25% of ownership) and Lea (25% of ownership). Currently, the business in Medan is mainly managed by

Clara and along with Lea supporting, whereas Jason is responsible for the operation in the Hongkong Head Office. Hide is a woman fashion online shop that have two instagram account , one for clothing and another for accessories . Hide runs the company as a family business and significant growth are shown since they operate their business. One of their respected clients is Shanon. On Tuesday, October 30 , 2017, while having informal conversation with the director of the company, he mentioned that the employee's performance of Hide has become ineffective this year. Several disputes between employees appeared more often in this years. This issue leads to ineffective worker. In addition, the director also realise that they have attained a set of bad company culture and become monotonous accordingly and suspects that this is the reason of decreasing performance, in the context of work attendance, unwillingness to give the best performance, and throwing of responsibilities to other employees.

Based on the issues happen inside Hide, the writer intend to investigate the relationship between organizational culture with employee's performance and reasearch the importance of organizational culture in employee's performance at Hide.

1.2 PROBLEM LIMITATION

Due to limitation of time and simple organizational structure , the writer will determine problem limitation on organizational culture as independent variable and business performance as dependent variable. The research is focused at Start up Hide.

1.3 PROBLEM FORMULATION

Based on the research, the writer identified that there is a problem faced, which is:

1. Does Organizational Culture have influence towards business performance at Hide?
2. What is the most favorable organizational culture situation that can improve business performance at Hide?

1.4 OBJECTIVE OF THE RESEARCH

The objective achieved in this research is as follow:

1. To find the influence of organizational culture towards business performance.
2. To find out the best way to build favorable organizational culture situation to improve business performance at Hide.

1.5 BENEFIT OF THE RESEARCH

The benefit of the research is to discuss the relationship of organizational culture towards employee's performance at Hide. These can be separated into two kinds of benefit, which are:

1.5.1 THEORETICAL BENEFIT

This research can give benefit in understanding and developing entrepreneurship theory especially about organizational culture and business sustainability.

For the writer, this research can increase knowledge in entrepreneurship organizational culture and business sustainability.

1.5.2 PRACTICAL BENEFIT

The benefits of this study for writer is to give in depth knowledge regarding the topic of organizational culture and employee performance. In another way, this study might give information and reference for reader, other researchers and for other companies who are also analyzing the impact of organizational culture on employee performance. Hence, the benefit of this study for company is as consideration in term of increasing motivation and employee performance for the company development. As an additional

information regarding motivation and performance of employee from another point of view. This study could also be a consideration source for making future changes at Hide.

1.6 SYSTEMS OF WRITING

The writing of this research is divided into five chapters. Each chapter is going to be divided again into several sub chapters according to the requirement. The systematic outline of writing in this *skripsi* will be as follow:

Chapter I – Introduction

This chapter describes about background of the study that explain the reason why writer choosing “The Impact of Motivation towards Employee’s Performance at Hide” as the topic of this research, problem limitation, problem formulation, objective of study regarding this research, benefit of study that is being divided into theoretical benefit and practical benefit, and lastly systems of writing.

Chapter II – Literature Review and Hypothesis Development

This chapter describes about theoretical background regarding definition of motivation, theory of motivation, definition of performance, the relationship between motivation and employee’s performance, previous research of this research’s topic, hypothesis development, research model, and framework of thinking.

Chapter III – Research Methodology

This chapter describes about research design, population and determining sample of this research using Slovin sampling theory, data collection method where questionnaires is used as the primary data, operational variable definition and variable measurement using Likert Scale, and data analysis method that are used in this research.

Chapter IV – Data Analysis and Discussion

This chapter describes about general view of “research object” which contain general background of the company and company’s

structure, the result of data analysis categorized into descriptive statistic result, result of data quality testing, result of hypothesis testing, and discussion.

Chapter V – Conclusion

This chapter describes about conclusion of the research, implication that contains the impact from the analysis result, and recommendation that can be put as consideration for the company, employees and government.

